

West Suburban Health Group Board Meeting

Wednesday, February 15th, 2023 at 10:00 AM
Meeting by Virtual Participation

Meeting Minutes

Board and Alternate Board Members in Attendance:

Kevin Mizikar, Board Chair	Town of Shrewsbury
Gayle McCracken	Town of Dedham
Dawn Fattore	Dover Sherborn RSD
Cheryl Houle	Town Of Holliston
Jon Marshall	Town of Natick
Chuck Murphy-Romboletti	Town of Needham
Donna Lemoyne	Town of Wayland
Amy Frigulietti	Town of Wellesley

Guests in Attendance:

Rich Bienvenue	WSHG Treasurer
Michele Craemer	WSHG Wellness Consultant
Dorothy Blondiet	Town of Natick
Kathleen Buckley	Town of Holliston
Eric Williamson	Town of Natick
Justine Hunt	Town of Needham
Nick Hawes	Town of Shrewsbury
Mark Nicholson	Harvard Pilgrim Health Care (HPHC)
Patrick Flattery	Fallon Health – Senior plans
Candis Dixon	Blue Cross Blue Shield (BCBS)
Lisa Despres	Tufts Health Plan
Fred Winer	Tufts Health Plan
Patty Joyce	Abacus
Chris Collins	CanRx
Jim Riley	CanRx
Joseph Anderson	Gallagher Benefit Services, Inc. (GBS)
Marianna Gil	Gallagher Benefit Services, Inc. (GBS)
Karen Quinlivan	Gallagher Benefit Services, Inc. (GBS)

Board Chair Kevin Mizikar called the Board meeting to order at 10:02 AM.

Mr. Mizikar reminded those present that the meeting was being recorded and asked if there were any objections. There were none. Roll call was taken with voting attendees listed as:

Kevin Mizikar, Board Chair	Town of Shrewsbury
Gayle McCracken	Town of Dedham
Dawn Fattore	Dover Sherborn RSD
Cheryl Houle	Town Of Holliston
Jon Marshall	Town of Natick
Chuck Murphy-Romboletti	Town of Needham
Donna Lemoyne	Town of Wayland
Amy Frigulietti	Town of Wellesley

Approval of the minutes of the October 18th, 2022 meeting:

Chuck Murphy-Romboletti moved to approve the minutes of the October 18th, 2022 Board meeting.

Motion

Jon Marshall seconded the motion.

There was a roll call vote on the motion:

Kevin Mizikar, Board Chair	Yes
Gayle McCracken	Yes
Dawn Fattore	Yes
Cheryl Houle	Yes
Jon Marshall	Yes
Chuck Murphy-Romboletti	Yes
Donna Lemoyne	Yes
Amy Frigulietti	Yes

The motion passed by unanimous vote.

Treasurers report:

Treasurer Rich Bienvenue reviewed the FY22 financial statements of December 31, 2022 (unaudited figures). He said that at the end of the fiscal year he needs to evaluate the value of what was estimated for claims incurred but not reported. Those are claims that exist at the end of the year that were incurred during fiscal year 22 but don't get paid out until after the end of the year. In December he received those runouts from Gallagher and analyzed them. Actual claims paid approximated \$11.6M. We had estimated \$9,000,000. The increase in the claims cost related to the fiscal year of \$2.6M was a big adjustment to the balances. It was a similar adjustment in the prior year. The bottom line for the beginning retained earnings for the trust fund balance was \$20,500,000. Year-to-date results for this fiscal year through December show a loss of about \$3.8M. At the end of December the trust fund balance is at \$11.6M. Funding through December was just under \$65M, whereas claims cost in premiums, claims, and administration was just under \$66M. There are programmatic costs, including reinsurance you pay to the MMRA and other programs you administer. That all totals a loss of \$3.8M. At the end of the year, there would be an equity adjustment if there are unused premiums when we do the reconciliation with the MMRA.

GBS reports:

Joseph Anderson reviewed the FY23 Funding Rate Analysis report with data through December 31st, 2022. He said that on a paid claims basis the expense-to-funding ratio across all self-funded plans was 90.2%, with a

surplus of rate revenue over major expenses of \$1,369,800. Harvard Pilgrim Benchmark is showing a deficit of \$869,000. They came out of the gate with three large claimants already, which total about \$1M. Similarly, with the high deductible plan, there is one claimant over \$700,000, which is skewing the numbers somewhat. January claims seem to be an improvement over December.

Karen Quinlivan reviewed the FY22 reinsurance reports through December. She said 11 claimants exceeded the \$400K specific deductible with total claims of \$7,643,174 and excess claims of \$3,243,174. Ms. Quinlivan said that WSHG received \$2,430,065 in reinsurance reimbursements and has an outstanding balance due of \$813,108. She said there were 49 members with each having claims between \$200K and \$400K, with total claims of \$13,205,523. Three claimants exceeded the \$400K specific deductible for FY23 with total claims of \$1,663,304 and excess claims of \$463,304. Ms. Quinlivan said that WSHG received \$0 in reinsurance reimbursements and has an outstanding balance due of \$463,304. She said there were 8 members, each with claims between \$200K and \$400K, with total claims of \$2,377,270.

Active plan rate renewal for FY24:

Kevin Mizikar said that at the Steering Committee meeting just prior to the Board meeting, the Steering Committee did not feel ready to come to a consensus recommendation based on what was being presented. He wanted to preview that part and move forward with questions and discussion. It will be a tougher year than anticipated and we look forward to everyone's questions and comments.

Joe Anderson said that we wanted to get an early start last year because of the Fallon exit from the market. At that point, we calculated a 7.75% funding increase need. In order to make sure that we could leverage the strength of the trust at that time, a 3.5% increase was approved for fiscal year FY23. That set the stage for where the group is at right now. There are two components to the renewal increase. There is the fixed component which is the administrative fees and stop loss. There is a high degree of certainty about what we can project for those numbers. The unknown is the claims which need to be projected and represent the largest component going forward.

Blue Cross has proposed a 0.5% increase, Harvard Pilgrim 2%, and Tufts 3%. Contract counts are based on a snapshot of time at the end of December. There was a total of \$4.4M admin projected for 5,485 contracts. GBS fees increased by 2% for \$360,000 a year. Last year's calculations were based on data through October because we got an early start on rates. There were two months subsequent to October with claims in excess of \$9M. Looking at the prior 24 months of claims experience, 2022 had a 6% increase in cost per contract over 2021. Current funding requires \$109M in funding. Total qualified high deductible plans went from 27% to over 32%. That is an increase of \$5M in funding and HSA-compatible accounts tend to be 20% less in premium compared to benchmark plans. Applying a trend factor of 7.5%, stop loss increases of 10%, and administrative and program charges results in required funding for FY24 of \$122.9M or an increase of 12.36%. Four scenarios were illustrated with increases of 12.36%, 11%, 10%, and 9% with corresponding trust impacts of \$0, \$1.5M, \$2.5M, and \$3.6M.

There was discussion on the rates and trust impact of each scenario.

Dawn Fattore asked if there is pent-up utilization post-COVID that is impacting claims.

Joe Anderson said the claims are normalizing but are characterized by extreme volatility meaning the trend is upward with peaks and valleys.

Mark Nicholson from Harvard Pilgrim said it has been a tough year for high-cost claims.

Jon Marshal said that the information is a bit of a concern for those not at the Steering Committee meeting. Last year in December, the fund balance was around \$24M. The information presented is much different than any

anticipated based on experience. The group hoped to fund and subsidize the transition from Fallon for several years, so this is a shock. Not only for employees and communities, but the group has to ensure that the trust has a balance that can maintain us through additional potential high claims going forward.

Kevin Mizikar asked Rich Bienvenue to speak towards the required funding.

Rich Bienvenue said that maintaining a fund balance of 10% is basically one month of costs on hand. The group has been really good about paying on time, which is great, but it means that we can pay our bills with the premiums paid each month and keep one month in reserve for working capital for timing issues. Claims are automatically paid weekly through a withdrawal from the operating account. Funding comes in at the beginning of the month and claims are paid weekly as they go. The operating account has about \$3M in cash, which includes \$47M of premiums since some pay in advance and operating cash of \$5M. The group will look at liquidating investments if there is a large subsidy or erosion of fund balance. Investments have been made in longer-term investments to supplement the cash position. Those would possibly need to be liquidated to maintain cash flow if balances became too low.

As a data point of interest, Joe Anderson said the trust balance plus IBNR at the end of April 2020 was \$21,300,000. Right now, it is \$22,100,000. It peaked at the end of 2020 and then maintained for the most part to the end of last year with the degradation in the last year, which might lend credence to the pent-up demand manifesting in claims. The question is where it trails off and where we are in normalization.

Kevin Mizikar asked about Fallon line items. Joe Anderson said that there was a higher than expected amount of runout claims that have hit from Fallon. There were some high-cost claims which tend to take longer to adjudicate. If you look at Blue Cross and Fallon together, the claims tend to net out.

Plan design questions arose as to whether the high deductible plans should be promoted more. Plan design is something that can be addressed post-renewal.

Wellness report:

Michele Craemer, Wellness Consultant, presented an FY23 overview report through February. The Fall Fit Challenge ended with 187 participants, where 94 reached their goal of working out five times a week for 30 minutes. There was a meditation and stress management initiative, which was watching 10 videos. There were 115 people involved in that. Maintain Don't Gain had 112 people lose 62 pounds in the program. The year begins with a program through Blue Cross Blue Shield run through Wellness Concepts. There are 137 people currently enrolled attending four interactive webinars. Spring Fitness challenges will begin in May. Individually, communities have been spending their budgets on Yoga, healthy snacks walking, and running workshops. Benefits fairs are coming up, so a lot of funds will go towards that. Wellness Awareness flyers center around topics important to all the communities, such as heart health, smoking cessation, and gratitude.

Abacus annual report on the Diabetes Care Rewards Program:

Patty Joyce was ready to present the report but realized she sent the wrong one for the packet. She will present in two weeks when the Board meets again.

Health plan updates:

Harvard Pilgrim - Mark Nicholson said they sent out the 1099HC forms in January. If anyone needs a copy of their form, have them contact member services. A reminder that members have until March 31 to submit their Fitness Reimbursement for 2022.

Tufts - Fred Winer said that the switch to Optum for pharmacy and on the retiree side is going extremely well.

Lisa Despres said that Tufts sent out 1099-HCs and 1095s, so members should be receiving those. Member services can help with copies if people do not receive them. Members can also log into the portal and print a copy themselves.

Blue Cross – Candis Dixon echoed the other carriers regarding tax forms. They also changed to CVS Caremark as of 01/01/2023, so if members have any issues, please contact member services.

CanaRx - Jim Riley said that savings through December were \$280,000. Average savings for the year was 77.4%. The average savings per member is \$560.00. There is 70% utilization, but the concentration will be on the remaining 30%.

Fallon - Patrick Flattery said there is no new update, but if he is needed for any new enrollments or fairs to just let him know.

Other Business:

Joe Anderson said that Chuck Murphy-Romboletti had a scenario he ran by him and Michele Craemer.

Chuck Murphy-Romboletti said they would like to use wellness funds to purchase a unit for lactation at the public service administration building. The unit costs \$16,000 and they would like to use the \$5,000 in the town's wellness funding for the year. They are also using a separate grant for the rest of the cost. It is not a typical use of funds, so he wanted to run it by the Board.

Kevin Mizikar said he believed it was within the parameters at their discretion but commended the honesty and willingness to come forward. No further discussion was warranted.

There was no other business.

Dawn Fattore motioned to adjourn.

Motion

Chuck Murphy-Romboletti seconded the motion.

There was a roll call vote on the motion.

Kevin Mizikar, Board Chair	Yes
Gayle McCracken	Yes
Dawn Fattore	Yes
Cheryl Houle	Yes
Jon Marshall	Yes
Chuck Murphy-Romboletti	Yes
Donna Lemoyne	Yes
Amy Frigulietti	Yes

The motion passed by unanimous vote.

Chair Kevin Mizikar adjourned the meeting at 11:14 AM.

*Prepared by Karen Quinlivan
Gallagher Benefit Services, Inc. (GBS)*